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Final Fiscal Note

Drafting Number:
Prime Sponsors:

LLS 22-0238
Rep. Hooton; Bacon
Sen. Gonzales

Date: June 8, 2022
Bill Status: Signed into Law
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Bill Topic:

ESTABLISH FAIR HOUSING UNIT DEPARTMENT OF LAW

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill creates the Fair Housing Unit in the Department of Law to enforce civil and criminal action for various housing statutes. Starting in FY 2022-23, the bill will increase state expenditures and may increase state revenue.

Appropriation Summary:

No appropriation is required; the Mortgage Fraud Settlement Custodial Cash Fund is continuously appropriated to the Department of Law.

Fiscal Note Status:

The fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under HB 22-1082

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue		-	-
Expenditures	Cash Funds	\$208,324	\$234,953
	Centrally Appropriated	\$33,311	\$40,773
	Total Expenditures	\$241,635	\$275,726
	Total FTE	1.6 FTE	2.0 FTE
Transfers		-	-
Other Budget Impacts		-	-

Summary of Legislation

The bill creates the Fair Housing Unit in the Department of Law (DOL) to bring civil and criminal actions to enforce the following sections of law:

- the Immigrant Tenant Protection Act;
- the Mobile Home Park Act;
- the Mobile Home Park Act Dispute Resolution and Enforcement Program; and
- Part 1 (Wrongful Withholding of Security Deposits) and Part 7 (Notice of Rent Increase) of Article 12 of Title 38 governing tenants and landlords.

The bill outlines the power of the Attorney General when bringing civil and criminal actions, the venue for actions, remedies, and penalties, among other things.

Background

In 2012, Colorado entered into a \$200 million settlement with five different banks over allegations of wrongful mortgage practices. Under the settlement, the state was awarded over \$50 million deposited into the Mortgage Fraud Settlement Custodial Cash Fund to be used for various mortgage-related efforts including contracting with the Department of Local Affairs to provide loans for construction and rehabilitation of affordable rental housing. According to the Department of Law, the fund is estimated to receive about \$2.0 million per year in revenue from the repayment of these loans and will have an estimated balance of \$5.5 million at the end of FY 2021-22.

State Revenue

Starting in FY 2022-23, state revenue to the Attorney Fees and Costs Cash Fund will increase to the extent the department recoups investigative and attorney costs, as allowed by the bill. Because it is unknown how often the Attorney General will bring cases under the bill, how long cases will last, or how much can be recouped, an exact revenue estimate cannot be determined. For informational purposes, based on average costs, if the department recoups 200 hours of investigative and attorney time, revenue would increase by \$19,714. Revenue to the Attorney Fees and Costs Cash Fund is not subject to the state's TABOR limit.

State Expenditures

The bill increases state expenditures in DOL by \$241,635 in FY 2022-23 and \$275,726 in FY 2023-24 and future years, paid from the Mortgage Fraud Settlement Custodial Cash Fund. Additionally, workload may increase in the Judicial Department. These costs are summarized in Table 2 and discussed below.

**Table 2
Expenditures Under HB 22-1082**

	FY 2022-23	FY 2023-24
Department of Law		
Personal Services	\$192,444	\$230,933
Operating Expenses	\$2,160	\$2,700
Capital Outlay Costs	\$12,400	-
Mileage Reimbursement	\$1,320	\$1,320
Centrally Appropriated Costs ¹	\$33,311	\$40,773
Total Cost	\$241,635	\$275,726
Total FTE	1.6 FTE	2.0 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Law. The DOL requires 2.0 FTE to staff the new Fair Housing Unit and to enforce the various housing statutes listed in the bill. Staff includes one senior assistant attorney general to bring civil and criminal actions and one criminal investigator. Staffing costs include personal services, operating and capital outlay costs, and mileage reimbursement at \$0.22 per mile, as outlined in Table 2 above. Costs in FY 2022-23 are prorated for a September 1 start date. Because funds in the Mortgage Fraud Settlement Custodial Cash Fund are continuously appropriated to the DOL, no appropriation for these costs is required.

Judicial Department. Workload in the trial courts in the Judicial Department will increase to the extent more housing related cases are filed. The fiscal note assumes that no change in appropriation is required.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Effective Date

The bill was signed into law by the Governor on May 17, 2022, and takes effect on August 9, 2022, assuming no referendum petition is filed.

State and Local Government Contacts

Information Technology

Judicial

Law

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit: leg.colorado.gov/fiscalnotes.